



*IMPORTANT INFORMATION RELATING  
TO YOUR  
RETIREMENT and INSURANCE BENEFITS*

*It's Not Too Soon  
To Plan*

***CSRS***

***FERS***

***FEHB***

***FEGLI***

# **TYPES OF RETIREMENTS**

## ***CSRS***

- ▶ **REGULAR/VOLUNTARY/OPTIONAL**
- ▶ **EARLY RETIREMENT**
  - ! **Early Optional**
  - ! **Involuntary**
- ▶ **DISABILITY**
- ▶ **SPECIAL PROVISIONS**
- ▶ **DEFERRED**

## ***FERS***

- ▶ **REGULAR/VOLUNTARY/OPTIONAL**
  - ! **Without Age Reduction**
  - ! **With Age Reduction**
- ▶ **EARLY RETIREMENT**
  - ! **Early Optional**
  - ! **Involuntary**
- ▶ **DISABILITY**
- ▶ **SPECIAL PROVISIONS**
- ▶ **DEFERRED**

# REQUIREMENTS FOR RETIREMENT

## MINIMUM REQUIREMENTS

### *CSRS*

- ! 5 Years Civilian Service With Federal Government
- ! Employed in a Position Subject to Retirement Deductions on Date of Separation
- ! Subject to Retirement Deductions for 1 Out of the Last 2 Calendar Years Prior to Separation (Not Applicable to Disability Retirement)

### *FERS*

- ! 5 Years Civilian Service With Federal Government
- ! Employed in a Position Subject to Retirement Deductions on Date of Separation

## AGE AND SERVICE REQUIREMENTS

| TYPE   | <i>CSRS</i> |                 | <i>FERS</i> |                 |
|--|-------------|-----------------|-------------|-----------------|
|  | Minimum Age | Minimum Service | Minimum Age | Minimum Service |
| Regular/Voluntary/<br>Optional                           | 55          | 30              | MRA         | 30              |
|  | 60          | 20              | 60          | 20              |
|  | 62          | 5               | 62          | 5               |
|  |             |                 | MRA         | 10              |
| Early Retirements<br>Involuntary<br>or<br>Early Optional | Any         | 25              | Any         | 25              |
|  | 50          | 20              | 50          | 20              |
| Disability   | Any         | 5 years         | Any         | 18 months       |
| Deferred   | 62          | 5               | 62          | 5               |
|  |             |                 | MRA         | 10              |

# REQUIREMENTS FOR RETIREMENT

(Continued)

## **MRA – Minimum Retirement Age**

! Ranges from Age 55 to Age 57 Depending on Year of Birth

| ! | If You Were Born In.... | Your Minimum Retirement Age Is... |
|---|-------------------------|-----------------------------------|
|   | Before 1948             | 55 years                          |
|   | 1948                    | 55 years, 2 months                |
|   | 1949                    | 55 years, 4 months                |
|   | 1950                    | 55 years, 6 months                |
|   | 1951                    | 55 years, 8 months                |
|   | 1952                    | 55 years, 10 months               |
|   | 1953 - 1964             | 56 years                          |
|   | 1965                    | 56 years, 2 months                |
|   | 1966                    | 56 years, 4 months                |
|   | 1967                    | 56 years, 6 months                |
|   | 1968                    | 56 years, 8 months                |
|   | 1969                    | 56 years, 10 months               |
|   | After 1969              | 57 years                          |

## **ADDITIONAL REQUIREMENTS -- CSRS/FERS**

! Early Retirements      ! Disability      ! Deferred

## AMOUNT OF ANNUITY

**Step 1: Compute Basic Annuity**

Key Variables: Length of Service, High-3 Average Salary

**Step 2: Apply Applicable Adjustments**

Age, Service, Survivor Annuity Election

**Result: Gross Monthly Rate**

### BASIC ANNUITY

► **% of High-3 Average Salary**

► **% is Derived From Formula**

► ***CSRS***

! **Shortcut Method**

$(\text{Length of Service} - 2) \times 2 = \%$

► ***FERS***

!  $(\text{YRS/MOS of Service}) \times 1\%$

OR

!  $(\text{YRS/MOS of Service}) \times 1.1\%$

If retiring employee is age 62 or older, **and** has at least 20 years creditable service.

► **Special Adjustment for Employees Who Have Worked on a Part-Time Tour of Duty**

## AMOUNT OF ANNUITY

(Continued)

## ADJUSTMENTS TO BASIC ANNUITY

### ► Age

#### ! CSRS

- 2% for each year under age 55
- Applicable to early retirements

#### ! FERS

- 5% for each year under age 62
- Applicable to *MRA + 10* retirements

### ► Survivor Annuity Election

#### ! CSRS

- May range from 0% to slightly less than 10% of annuity

#### ! FERS

- 10% of annuity for maximum survivor election
- 5% of annuity for partial survivor election

### ► Unpaid Deposit

#### ! Applicable only to CSRS retirees

#### ! Reduction equals 10% of deposit owed for non-covered Federal civilian service performed before October 1, 1982

### ► Unpaid Redeposit

#### ! Applicable only to non-disability CSRS retirees

#### ! Reduction is derived from

- the redeposit owed for covered Federal civilian service that ended before October 1, 1990, for which the employee received a refund of his/her retirement contributions, and
- the age of the retiring employee

## **FERS ANNUITY SUPPLEMENT**

- ▶ **Available Only to FERS Retirees Who Have Been Covered For At Least One Calendar Year Under FERS**
- ▶ **Must Retire on Non-Disability, Immediate Annuity, Without FERS Age Reduction**
- ▶ **Approximates the Portion of the Social Security Benefit Earned As the Result of FERS Service**
- ▶ **Subject to Earnings Test -- Post-Retirement Earnings May Cause Annuity Supplement to be Reduced**
- ▶ **Annuity Supplement Ends at Age 62**

# CREDITABLE CIVILIAN SERVICE

## COVERED SERVICE

### ► **Federal Civilian Service During Which Retirement Deductions Are Withheld From Base Pay.**

#### ► **Paid Service**

! Service for which retirement contributions remain in the retirement fund

! *CSRS and FERS*

- Paid service is creditable for determining retirement eligibility

- Paid service can be use to compute the basic annuity

#### ► **Refunded Service**

! Service for which retirements contributions were withdrawn from the retirement fund

! *FERS*

- Refunded service is not creditable for determining retirement eligibility

- Refunded service cannot be used to compute the basic annuity

- Employee may not repay the refunded FERS contributions

! *CSRS*

- Employee may repay, or redeposit, the refunded CSRS contributions, with interest

- Refunded service is creditable for determining retirement eligibility whether or not the employee makes the redeposit

- Refunded service can be used in the computation of the basic annuity if the employee makes the redeposit

- If the employee does not make the redeposit, and

retires with a non-disability annuity, refunded service will be used to

compute the basic annuity if the refunded service ended before October 1,

1990, but the annuity will be adjusted by an amount derived from the redeposit balance and the retiree's age

retires with a non-disability annuity, refunded service will not be used to

compute the basic annuity if the refunded service ended on/after October 1, 1990

retires with a disability annuity, refunded service will not be used to

compute the basic annuity



# CREDITABLE CIVILIAN SERVICE

(continued)

## NON-COVERED/Nondeduction

- ▶ **Federal civilian service during which retirement contributions were NOT withheld from base pay and deposited into the retirement fund.**
- ▶ ***FERS***
  - ! If the service was performed before 1989
    - It may be creditable for establishing retirement eligibility, and used in the computation of the annuity **only if** the employee pays a deposit for the service
    - Deposit equals 1.3% of base earnings for the period of service, plus interest
  - ! If the service was performed on/after January 1, 1989
    - Employee does not have the option of paying a deposit for the service
    - The service is not creditable for establishing retirement eligibility, and cannot be used to compute the basic annuity
- ▶ ***CSRS***
  - ! Employee may pay a deposit for the service, equal to the amount of contributions that would have been withheld from base pay, had deductions been withheld, plus interest
  - ! Service is creditable for establishing retirement eligibility whether or not the deposit is made
  - ! If the deposit is made, the service can be used to compute the basic annuity
  - ! If the deposit is not made, and
    - the service was performed before October 1, 1982
      - the service can be used to compute the basic annuity, and
      - the basic annuity will be reduced by 10% of the deposit owed for the service
    - the service was performed on/after October 1, 1982, the service cannot be used to compute the basic annuity

## CREDITABLE MILITARY SERVICE

► **Military Service May Be Creditable for Establishing Retirement Eligibility and for Computing the Basic Annuity IF:**

- ! It was honorable, active duty service
- ! It was performed before separating from a covered civilian position
- ! Employee is not entitled to military retired pay unless the retired pay:
  - is based on a service connected disability incurred in combat or caused by an instrumentality of war, or
  - is awarded under the provisions of chapter 67 of title 10 U.S.C., or
  - is waived by the employee for CSRS/FERS purposes

► **SPECIAL RULES FOR MILITARY SERVICE PERFORMED AFTER 1956** (Post-56 Military Service)

- ! Social Security tax began to be deducted from military pay on January 1, 1957, therefore, the service is creditable toward a Social Security benefit
- ! Employee may make a deposit to the retirement fund for the period of post-56 military service
- ! Military deposit must be paid to employing agency before final separation on which retirement is based
- ! If the military deposit is made, the post-56 military service will be creditable for establishing retirement eligibility and will be used to compute the basic annuity
- ! *FERS*
  - Military deposit equals 3% of the base earnings for the period of military service, plus interest
  - If the military deposit is not made, the post-56 military service is not creditable for establishing retirement eligibility, and cannot be used to compute the basic annuity

# CREDITABLE MILITARY SERVICE

(continued)

## ! CSRS

- Military deposit equals 7% of the base earnings for the period of military service, plus interest
- If military deposit is not made, and the employee was first employed in a position subject to CSRS deductions

BEFORE October 1, 1982

- Post-56 military service is creditable for establishing retirement eligibility, and will be used to compute the basic annuity if the employee is under age 62 at retirement

Note: When retiree reaches age 62, post-56 military service will be eliminated from the basic annuity computation **if and only if** the retiree is eligible for a Social Security benefit at age 62

- If the retiree is age 62 or older at retirement, post-56 military service will only be used to compute the basic annuity **if and only if** the retiree is not eligible for a Social Security benefit at retirement

On/after October 1, 1982

- The post-56 military service is not creditable for establishing retirement eligibility, and cannot be used to compute the basic annuity

## **UNUSED SICK LEAVE**

### *CSRS*

- ! Not creditable for establishing retirement eligibility
- ! May be added to the length of service used to compute the basic annuity of an employee eligible for an immediate retirement
- ! Generally, hours of unused sick leave are converted to calendar time using a 2087 conversion chart (see Retirement Facts 8, Credit for Unused Sick Leave Under the Civil Service Retirement System)

### *FERS*

- ! Not creditable for establishing retirement eligibility and cannot be used to increase the amount of service used to compute the basic annuity.

# **FEDERAL EMPLOYEES HEALTH BENEFITS (FEHB)**

## ▶ **CONTINUATION REQUIREMENTS**

- ! Retires on immediate annuity
- ! Insured on date of retirement
- ! Covered for the 5 years of service immediately preceding annuity commencing date, **OR**, since the first opportunity to enroll

## ▶ **COVERAGE AFTER RETIREMENT**

- ! Benefits are the same for annuitants as they are for employees

## ▶ **COST AFTER RETIREMENT**

- ! Costs are the same for annuitants as they are for employees except premiums are withheld once a month from the annuity check rather than biweekly

## ▶ **TERMINATION OF COVERAGE** (if retiring employee is not eligible to continue coverage after retirement)

- ! Coverage continues -- at no cost -- for 31 days after effective date of termination of coverage
- ! Individual may convert the coverage to a nongroup contract within the same health plan during the 31 day extension period
- ! In lieu of converting to a nongroup contract, individual may elect to continue his/her FEHB group coverage for up to 18 months after date of separation
  - Individual must pay the full premium of the plan they select (both the employee share and government share), plus a 2 percent administrative charge
  - After 18 months, coverage will continue, at no cost, for another 31 days, and the individual will have another opportunity to convert the group coverage to a nongroup contract

# **FEDERAL EMPLOYEES GROUP LIFE INSURANCE** (FEGLI)

## ► **TYPES OF COVERAGE**

- ! Basic: Annual basic pay, plus \$2,000
- ! Option A, Standard: \$10,000
- ! Option B, Additional: Available in multiples of 1,2,3,4,or 5 times annual basic pay
- ! Option C, Family: \$5,000.00 for spouse  
\$2,500.00 for each eligible child

*\* Beginning April, 1999, Option C will be available in multiples of 1,2,3.4 or 5 times*

## ► **CONTINUATION REQUIREMENTS**

### ! **BASIC COVERAGE**

- Retires on immediate annuity
- Insured on date of retirement
- Covered for the 5 years of service immediately preceding annuity commencing date, **OR**, since the first opportunity to enroll
- Does not covert

### ! **OPTIONAL INSURANCE**

- Eligible to continue basic
- Covered for the 5 years of service immediately preceding retirement, **OR**, since the first opportunity to enroll

▶

!

- Derived from salary in effect at retirement
- Full coverage remains in effect until age 65
- Election, made at retirement, determines amount of coverage after age 65

- Election Options

75% reduction

- Coverage reduces at the rate of 2% a month
- Final coverage equals 25% of original amount
- Reduction takes a little over 3 years
- Cost of Election:       \$.3575 per \$1,000 monthly
- Monthly premium stops when retiree reaches age 65

## 50% reduction

- Coverage reduces at the rate of 1% a month
- Final coverage equals 50% of original amount
- Reduction takes a little over 4 years
- Cost of Election:       \$.3575 per \$1,000 monthly, ***plus***  
                                    \$.52 per \$1,000 monthly
- Monthly premium drops to \$.52 per month when retiree reaches age 65

## No reduction

- Coverage does not reduce
- Cost of Election:      \$.3575 per \$1,000 monthly, ***plus***  
    \$1.69 per \$1,000 monthly
- Monthly premium drops to \$1.69 per month when retiree reaches age 65

!

- \$10,000.00 -- full coverage remains in effect until age 65
- Coverage begins to reduce when retiree reaches age 65

- Reduction equals 2% a month
- Final coverage equals \$2,500
- Reduction takes a little over 3 years
- Cost of coverage determined by age of retiree
- Monthly premium stops when retiree reaches age 65

**! OPTION B, ADDITIONAL**

- Smallest number of multiples in force during 5 years of service immediately preceding retirement is carried into retirement
- Coverage begins to reduce when retiree reaches age 65\*
- Reduction equals 2% a month
- Final coverage equals \$0.00\*
- Reduction takes a little over 4 years
- Cost of coverage determined by age of retiree and amount of coverage
- Monthly premium stops when retiree reaches age 65\*

*\* Retiring employees who separate for retirement on or after April 24, 1999 will be able to choose to continue their Option B coverage without reduction into retirement. Premiums for unreduced coverage will continue beyond age 65.*

**! OPTION C, FAMILY**

- \$5,000.00 for spouse, \$2,500.00 for each eligible child\*
- Coverage begins to reduce when retiree reaches age 65\*
- Reduction equals 2% a month
- Final coverage equals \$0.00\*
- Reduction takes a little over 4 years
- Cost of coverage determined by age of retiree
- Monthly premium stops when retiree reaches age 65\*

*\*Beginning in April, 1999, amount of coverage carried into retirement might be equal to a multiple of 1,2,3,4, or 5 times this amount. Retiring employees who separate for retirement on or after April 24, 1999 will be able to choose to continue their Option C coverage without reduction into retirement. Premiums for unreduced coverage will continue beyond age 65.*

**► ASSIGNMENTS**

- !** Retiree may assign ownership of his/her life insurance coverage to another person or corporation.
- !** Retiree must assign all of the insurance -- basic and optional (except for Option C, Family).



- ! Retiree no longer has control over the insurance.
- ! Retiree may choose to assign life insurance for tax reasons, to comply with a court order if there is a divorce, or to obtain cash before death through a viatical settlement firm.

► **LIVING BENEFIT**

- ! Allows retiree to "cash in" basic life insurance coverage, i.e. receive a lump sum payment representing all of the basic life insurance in effect.
- ! Retiree must be terminally ill with a life expectancy of less than 9 months.
- ! Basic life insurance premiums are stopped.

## Action Items

### Verify Records With Your Agency!!

- S Verify your retirement coverage (CSRS, CSRS Offset, FERS).
- S Verify that service records in your OPF are complete.
- S Verify that your OPF documents at least 5 years of coverage (covering your last 5 years of service) under FEHB and FEGLI.  
*If you are not enrolled in FEHB, consider enrolling. If you are enrolled, stay enrolled.*
- S Confirm who would be entitled to receive FEGLI benefits and other monies that would become payable after your death.

### Stay Informed

- S Obtain information relating to other benefits to which you may be entitled.
- S Attend Seminars.
- S Request individual counseling.
- S Obtain annuity estimates.
- S Obtain information relating to deposits/redeposits that you may owe.
- S Pay military/civilian deposits, if appropriate.
- S Watch for changes in retirement and insurance benefits. (Surf the net at [www.opm.gov/asd](http://www.opm.gov/asd)).
- S Review benefits publications and pamphlets, including *Thinking About Retirement*, RI 83-11.